

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 OIC-02 /084 W
-----202324Z 109279 /20

P R 201915Z MAY 77

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 7458

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA FOR ROCAP

E.O. 11652: N/A

TAGS: ETRD, EAGR, CS

SUBJECT: RESTRICTIONS ON COFFEE SALES

REF: STATE 111015

1. EMBOFFS DISCUSSED COFFEE MARKET WITH FERNANDO CASTRO JIMENEZ, SUB-DIRECTOR OF THE COSTA RICAN COFFEE OFFICE, A GOVERNMENTAL BODY THAT CONTROLS ALL COFFEE SALES IN COSTA RICA. EMBOFFS TOLD CASTRO OF REPORTS RECEIVED THAT SOME PRODUCING COUNTRIES HAVE STOPPED SALES AS A RESULT OF THE RAPID DROP IN COFFEE PRICES OVER THE PAST MONTH AND CONVEYED TO HIM THE POINTS OF PARAGRAPH 2 OF REFTEL RELATING TO U.S. CONCERNS AND OPINIONS ON THE COFFEE MARKET.

EMBOFFS ALSO POINTED OUT THAT COSTA RICAN COFFEE EXPORTS

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DIMINISHED NOTABLY IN THE MONTH OF APRIL.

2. CASTRO ATTRIBUTED FLUCTUATIONS IN SALES TO THE INSTABILITY AFFECTING WORLD COFFEE MARKETS, INCLUDING BRUSK MOVEMENT OF PRICES. HE ASSURED EMBOFFS THAT THE COSTA RICAN GOVERNMENT HAS NOT TAKEN ANY STEPS THAT WOULD ENCOURAGE WITHHOLDING OF COFFEE FROM THE MARKET.

ON THE CONTRARY, REGULATIONS ISSUED BY THE COFFEE OFFICE WILL HAVE THE EFFECT OF FORCING THE SALE PRIOR TO SEPTEMBER 1 OF ALL REMAINING STOCKS OF COSTA RICAN COFFEE WHICH AMOUNT TO SOME 300,000 BAGS. IN ADDITION, THE COFFEE OFFICE FOR THE FIRST TIME IN HIS MEMORY HAS ISSUED AN INSTRUCTION PERMITTING EXPORT OF COFFEE FROM THE 1977-78 CROP AS SOON AS THE COFFEE IS PRODUCED (NORMALLY EXPORTS FROM A NEW CROP ARE NOT PERMITTED PRIOR TO OCTOBER 1).

3. THE EXECUTIVE DIRECTOR OF THE COFFEE OFFICE, ALVARO JIMENEZ, HAS PUBLICLY DENIED THAT THE GOVERNMENT OF COSTA RICA IS IN ANY WAY INVOLVED IN RESTRICTING EXPORTS. HE STATED THAT LOCAL SHIPPERS HAVE WITHDRAWN FROM AN UNSTABLE MARKET THAT HAS SHOWN A LOT OF PRICE FLUCTUATIONS.

4. AGATT ALSO DISCUSSED COFFEE MARKET SITUATION WITH A MAJOR COSTA RICAN PRIVATE EXPORTER. THE LATTER SAID THAT THE FALL IN EXPORTS IN APRIL WAS NOT DUE TO RETENTIONS BY SELLERS BUT DUE TO BUYERS WHO WERE WORKING DOWN THEIR HEAVY INVENTORY POSITIONS AND STAYING OUT OF THE MARKET.

5. TOTAL COSTA RICAN EXPORTS OF 1976-77 CROP COFFEE, AS MEASURED BY EXPORT CONTRACTS THROUGH APRIL 30, AMOUNT TO 809,782 BAGS, SOLD AT AN AVERAGE PRICE OF \$2.03 PER POUND. EXPORT CONTRACTS WRITTEN DURING FEBRUARY AND MARCH TOTALLED ABOUT 140,000 BAGS PER LIMITED OFFICIAL USE

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MONTH (NORMAL EXPORT CAPACITY IS ABOUT 150,000 BAGS PER MONTH). APRIL EXPORT CONTRACTS DROPPED TO 57,000 BAGS AND CONTRACTS FOR THE FIRST TWO WEEKS OF MAY AMOUNTED TO ONLY 17,000 BAGS.

6. COMMENT: THE EMBASSY BELIEVES THAT THE COSTA RICAN GOVERNMENT IS NOT TAKING ANY STEPS TO LIMIT EXPORTS AND THAT FALLING SHIPMENTS DURING APRIL AND THE FIRST TWO WEEKS OF MAY REFLECT ONLY PRIVATE DECISIONS BY PRIVATE SELLERS AND REDUCED OFFERS RECEIVED FROM WORLD COFFEE MARKETS. MANY COSTA RICAN COFFEE EXPERTS ARE AS CONCERNED AS THE USG THAT EXCESSIVELY HIGH COFFEE PRICES ARE LIKELY TO LEAD TO A PERMANENT LOSS IN UANSUMPTION. THEY SINCERELY HOPE THAT THERE WILL NOT BE ANOTHER FREEZE IN BRAZIL THIS YEAR THAT WOULD FURTHER DISRUPT COFFEE MARKETS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, EXPORTS, MARKETS, DIPLOMATIC DISCUSSIONS, PRICES, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 20-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANJO02283
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770180-1066
Format: TEL
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770535/aaaabdzw.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a7b2468d-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 111015
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2434885
Secure: OPEN
Status: NATIVE
Subject: RESTRICTIONS ON COFFEE SALES
TAGS: ETRD, EAGR, CS, US, (CASTRO JIMENEZ, FERNANDO)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a7b2468d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009